

## Message Text

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43

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 CIAE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20 DRC-01

/087 W

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P R 191545Z JUL 74

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC PRIORITY 4658

INFO SECDEF WASHDC

USIA WASHDC

COMICEDEFOR

CINCLANT

USMISSION ANTO

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

C O N F I D E N T I A L REYKJAVIK 976

EO 11652: GDS

TAGS: PFOR PINT MARR IC NATO

SUBJECT: ICELANDIC POLITICAL SITUATION: FORMATION OF

NEW GOVT MAY BE IMMINENT

REF: REYKJAVIK 966

1. FORMATION OF NEW GOVT MAY BE MORE IMMINENT THAN ANYONE HAS REALIZED. ALL PARTIES HAVE REPLIED TO HALLGRIMSSON'S LETTER (REFTEL). OLL AND PA WHILE AGREEING TO DISCUSS ECONOMIC SITUATION IN ICELAND MADE CLEAR THEY WILL NOT JOIN IN COALITION WITH IP. THE PP AND SDP REPLIES WERE LESS UNEQUIVOCAL, BUT WE HAVE LEARNED THAT INDEPENDENCE PARTY LEADERSHIP CONSIDERS THEIR REPLIES AS LESS THAN ENTHUSIASTIC AND FEEL PP WILL NOT AGREE TO JOIN A COALITION WITH IP. ON CONFIDENTIAL

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JULY 22 IP WILL MEET WITH SDP AND PP TO DISCUSS MATTER.

IF, AS ANTICIPATED, THIS MEETING RESULTS IN FAILURE,  
HALLGRIMSSON WILL THEN ADVISE PRESIDENT OF THIS AND  
OLAFUR JOHANNESSEN WILL BE ASKED TO TRY FORM NEW GOVT.  
FEELING IS THAT HE WILL TRY FOR A FOUR-PARTY LEFTIST  
COALITION OF PP-PA-SDP-OLL. TO ATTRACT SUPPORT OF SDP  
CHAIRMAN GYLFI GISLASON WE HAVE HEARD PP AND PA ARE  
PREPARED TO OFFER GISLASON THE PRESIDENCY OF THE  
ALTHING, WHICH IS A PRESTIGIOUS AND POLITICALLY  
SIGNIFICANT POSITION.

2. FOR THE ABOVE TO MATERIALIZE, THE PA WILL HAVE TO  
SWALLOW QUITE A BIT ON THE DEFENSE AND ECONOMIC ISSUES,  
BUT THE VIEWS OF OUR SOURCES ARE THAT SOME ACCOMMODATION  
WILL BE MADE BY PA IN ORDER TO BRING ABOUT ANOTHER  
LEFTIST GOVT. OUR SOURCES, ALTHOUGH NOT ENTIRELY CERTAIN  
OF THIS, BELIEVE THE DEFENSE ISSUE ACCOMMODATION MAY BE  
A POSTPONEMENT OF ACTION BY ICELAND UNTIL THE ECONOMIC  
PROBLEMS OF THE COUNTRY ARE SOLVED, WITH A REITERATION,  
HOWEVER, THAT THE AIM OF THE GOVT IS STILL NOT TO HAVE  
AN ARMED FORCE IN ICELAND IN PEACETIME. IT MAY ALSO  
INVOLVE THE UNDERTAKING OF "DEFENSE STUDIES" TO BE  
CONDUCTED BY REPRESENTATIVES OF THE GOVERNING PARTIES.  
WHETHER THE LATTER BECOMES CAUSE FOR CONCERN WILL TO  
A LARGE EXTENT DEPEND ON WHO BECOMES FOREIGN MINISTER.  
IRVING

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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**To:** STATE  
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